

An excerpt from *17 Reasons Your Company Is Not Investment Grade
and What to Do About It*
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Reason 12

Your Company's Customers Are Indifferent To Your Value Proposition

My wife and I believe in marriage retreats. We've recommended them for years to the younger couples we mentor, because getting away from the daily demands of life to focus on our relationship was always a healthy exercise for us.

Notice I said "healthy." Not "easy," "fun," "predictable" or even "safe," and I think the next story will explain why.

About 10 years into our marriage, my wife and I went on a weekend marriage retreat. No big issue pushed us to sign up—just good timing, a nice location in the mountains, and my parents volunteered to babysit our two-year-old twin daughters.

On the first morning, the leader described an exercise in which we'd use a "delight continuum" of 1 to 10 to rate our marriage. "Now this is a great retreat!" I thought. I had been worried that we might have been recommending retreats that focused on the negative rather than the positive.

I think I may have said, "Bring it on!" out loud because I was so pumped about where we were in our relationship. At the time, I felt my wife and I had a high-functioning marriage. We shared values and common goals, and there was plenty of respect, affection and romance.

I figured my wife would score our marriage a solid 9 (since that's what I scored it), and I could not wait to be validated when I saw her score. That 9 was going to reinforce my opinion of myself as the amazing husband I knew myself to be.

The leader instructed us to reveal to each other our ratings—in a nonthreatening manner, of course. I assumed that his comment was directed to any low-scoring couples in the room; obviously, they needed to feel they were in a "safe environment."

When my wife showed me the 3 that she had written on her pink index card, I was stunned. "Maybe that's the way she writes an 8?" I thought optimistically. Nope. The number was definitely a 3.

I may have blurted out, "WHAT??" But I know I said, "Sweetie, I think you may have misunderstood the rating system." My daughters call this "mansplaining," but I call it digging my hole even deeper.

"Denial," "digging," "delusional" and "defensive" all begin with the letter D... basically the grade my wife had given our marriage and, therefore, ME as a husband.

When her score finally permeated my shock and denial, I was upset. I started firing questions, “What are you talking about? How can this be? How long have you felt this way? Why didn’t you express these feelings earlier if our marriage was so disappointing to you?”

It turns out I was completely out of touch with my wife’s feelings.

Luckily, the retreat leader had seen this scenario before. After he took me aside for some very insightful coaching—and a very long walk around the lake—I was ready to really listen to my wife.

I learned several lessons that day—the hard way—about my marriage, my wife and myself. I also had a choice: use the information to take action or not.

Ultimately, the benefits from the actions I took far outweighed the painful blow to my false reality and ego. On good days, my wife rates our marriage a consistent 8, but that rating can slip quickly if we are not constantly investing in it. I know our score because: (1) we try to do this exercise a couple of times each year just to keep it real, and (2) she says “old love” is SO much better than young love. She was right 22 years ago, and she’s right today.

I know you see where I’m going. The lessons I took away from that rate-your-marriage exercise apply really, really well to customer service.

Lesson No. 1: It is common (probably because it takes no effort) to operate under false assumptions.

Lesson No. 2: Data dispels assumptions, but you have to be willing to ask for it.

Lesson No. 3: Once fighters know the score, we take action.

Lesson No. 4: Action isn’t a one-time thing. It’s an ongoing project.

Lesson No. 5: The benefits are huge.

Why Blow Up Your Assumptions?

I walked into that retreat as a happy husband. I just knew that my wife would give me an outstanding rating on the “delight continuum.” She’d never registered a serious complaint, and we were chugging along just fine, raising happy babies and meeting our goals. Boy, was I wrong.

I expect you have made assumptions about what your customers think about your company, because you hear very few—if any—complaints. Revenues are moving in a positive direction, and your customer attrition rate is low. Everything is good, right?

Well, I hope you have the data to back up your assumptions. If you don’t, I’ll share with you the best ways I’ve found to gather data, but let’s first review why gathering data is (or should be!) a high priority.

When happy customers refer your company to others, those are the cheapest sales you'll ever make. It costs five times as much to attract a new customer as it does to keep an existing one, and in my experience, solid referrals from delighted customers convert in about 25 percent less time and with 25 percent less effort and expense than leads from other sources. They require much less friction/cost to acquire than cold prospects, which translates into a dramatically lower Customer Acquisition Cost (CAC).

- Happy customers create recurring revenue when they continue to do business with your company. That's a basis upon which a buyer can continue to scale your company.
- Knowing where you win or lose sales enables you to invest resources appropriately in existing or new projects. Based on customer input, you can make strategic and operational decisions not only related to sales and advertising, but also to product engineering and design.
- It is more empowering to serve customers that value your company, service or product.
- If you don't have data to show a buyer or investor how customers view your company, you may never be able to sell your equity.

Sometimes The Truth Hurts.

I assumed that because I was happy in our relationship, my wife was as well. Then I asked her to give me a satisfaction rating. Ouch.

I'm going to guess that you have a similar relationship with your customers: For the most part, everything is going well. You're happy and, since they're doing business with you, you assume they're happy.

Well, I'll bet that some of your customers could surprise you. They might even completely blindside you. There's risk in testing our assumptions, risk in asking for opinions.

- Do you really want to know what your customers think of your company and the products or services it delivers?
- Can your ego handle the truth?
- Are you committed to acting on the data you collect?

My kindergarten teacher, Mrs. Burt, taught all her budding CEOs an important lesson, using a soft voice and cupping her ears with her hands. "Always have your listening ears on," she'd say. As a leader, you have to have high-level listening and questioning skills, or yours need to be improving quickly.

I'd add that you should always have your watchful eyes on as well. To stay abreast of the trends that affect your customers, read the publications that they read. You should know what challenges they face and how your company could help address or overcome them.

So, if you're ready to hear what your customers have to say, buckle up.